International Labour Conference
88th Session 2000

Report II

Information concerning the Programme and Budget for 2000-01 and other financial and administrative questions

Second item on the agenda: Programme and budget proposals and other financial questions

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Preface

1. This report comprises, in addition to material submitted for information, a number of items requiring action by the Conference. Any other items which may arise after the publication of this report and which also call for action by the Conference will be submitted to the participants through the *Provisional Record*.

2. The items requiring action are:

   (a) Financial Report and Audited Financial Statements for 1998-99, which is published in a separate document available to Conference participants;

   (b) treatment of 1998-99 cash surplus;

   (c) scale of assessments of contributions to the budget for 2001;

   (d) assessment of contributions of new member States; and

   (e) composition of the Administrative Tribunal of the International Labour Organization.

3. Details of these items are set out in the following pages of this report.

4. Information concerning programme implementation in 1998-99 is contained in the report of the Director-General, under item I of the Conference agenda.

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Financial and administrative questions

I. Financial Report and Audited Financial Statements for 1998-99

1. In accordance with articles 28 and 29 of the Financial Regulations, the International Labour Conference will be called upon to adopt the Financial Report and Audited Financial Statements for 1998-99 after their examination by the Governing Body. The Financial Report and Audited Financial Statements comprise the Director-General's financial report and audited financial statements covering the regular budget, the Working Capital Fund, and the special funds and extra-budgetary accounts administered by the Organization, including the accounts of the International Institute for Labour Studies, the accounts for the United Nations Development Programme and the various other technical cooperation accounts, including trust fund accounts.

2. The report and the statements for 1998-99, together with the Auditor's report, will be communicated to Members as a separate document. The Governing Body's recommendation as to the adoption of the Director-General's report and the audited statements will be communicated to the Conference in a separate document to the Finance Committee of Government Representatives.

II. Treatment of 1998-99 cash surplus

1. The 1998-99 biennium ended with an excess of budgetary income over budgetary expenditure of 41,711,581 Swiss francs, or US$27,262,471 at the budget rate of exchange adopted for 2000-01 (1.53 Swiss francs to the US dollar).

2. At its 277th (March 2000) Session, the Governing Body considered a paper [1] on the treatment of the cash surplus and decided to propose to the Conference at its 88th Session (June 2000) that, as an exceptional one-time measure and in derogation of article 18.2 of the Financial Regulations, the 1998-99 cash surplus be used in part to finance the establishment of an Information Technology Systems Fund, and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Noting that for the 1998-99 biennium an excess of regular budget income over regular budget expenditure has resulted in a cash surplus of 41,711,581 Swiss francs (equivalent to US$27,262,471 at the 2000-01 budget rate of exchange of 1.53 Swiss francs to the US dollar);

Decides, as an exceptional one-time measure and in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs (US$25 million) from the cash surplus;

Notes that, taking into account the above appropriation, the amount available under article 18.2 of the Financial Regulations for reducing the assessed contributions of member States will be 3,461,581 Swiss francs.

[1] GB.277/PFA/2/2, reproduced as Annex 1 to this report.

III. Scale of assessments of contributions to the budget for 2001

1. At its 277th (March 2000) Session, the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee,[1] that the adoption of the scale of assessments for 2001 be deferred to the 88th Session of the International Labour Conference, and that the Government members meet by delegation of the Governing Body to prepare a draft scale of assessments for 2001 during the Conference, taking into account any relevant developments which may have taken place, and submit it direct to the Finance Committee of Government Representatives at the Conference.

2. It will be for the Finance Committee of Government Representatives to consider the draft scale of assessments for 2001 and to make appropriate proposals to the Conference.

[1] Report of the Government members of the Committee on allocations matters (GB.277/10/3), reproduced as Annex 2 to this report.

IV. Assessment of contributions of new member States

1. On 3 February 2000, Kiribati, which joined the United Nations in 1999, became a Member of the ILO.

2. At its 277th (March 2000) Session, the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee,[1] to propose to the Conference at its 88th Session (June 2000) that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, the contribution of Kiribati to the ILO budget for the period of its membership in the Organization in 2000 be based on an annual assessment rate of 0.001 per cent.

3. It will be for the Finance Committee of Government Representatives to consider this proposal put forward by the Governing Body and to make appropriate proposals to the Conference.

[1] Report of the Government members of the Committee on allocations matters (GB.277/10/3), reproduced as Annex 2 to this report.

V. Composition of the Administrative Tribunal of the International Labour Organization

1. At its 277th (March 2000) Session, the Governing Body considered a paper [1] on the composition of the Administrative Tribunal of the ILO.

2. As referred to in paragraph 3 of the paper, one of the Tribunal judges, Mr. Julio Barberis, informed the Office that he will be unable to complete his mandate owing to lack of availability resulting from his new functions in Argentina. In view of the late notification of this change, the Director-General was unable to carry out a search that would allow the Governing Body, in accordance with the usual practice, to propose a candidate to the Conference to fill the vacant post.

3. The Governing Body therefore decided to authorize its Officers to submit a proposal on its behalf direct to the Conference in order to fill the vacant post, and to propose to the Conference at its 88th Session (June 2000) that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointment of Mr. Seydou Ba (Senegal) and that of Mr. James K. Hugessen (Canada) for a term of three years;

Expresses its appreciation to Mr. Julio Barberis for the services which he has rendered to the work of the Administrative Tribunal of the International Labour Organization over the last five years;

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to appoint as Judges of the ILO Administrative Tribunal for a term of three years with effect from July 2000, Ms. Flerida Ruth P. Romero and [name of candidate to be directly submitted by the Officers of the Governing Body].

[1] GB.277/PFA/13, reproduced as Annex 3 to this report.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.277/PFA/2/2
277th Session

Geneva, March 2000

Programme, Financial and Administrative Committee

PFA

SECOND ITEM ON THE AGENDA

Programme and Budget for 2000-01

Treatment of 1998-99 cash surplus

1. The financial results under the ILO Programme and Budget for 1998-99 are before the Committee under the first item on its agenda at the present session of the Governing Body.[1] As indicated in that document, the biennium ended with an excess of budgetary income over budgetary expenditure of 41,711,581 Swiss francs, or US$27,262,471 at the budget rate of exchange adopted for 2000-01 (1.53 Swiss francs to the US dollar).

2. The present paper contains the Director-General's proposals for the treatment of this cash surplus taking into account the views expressed by members of the Committee during previous sessions of the Governing Body, notably the 273rd and 276th Sessions (November 1998 and November 1999 respectively), with respect to the information technology strategy in the ILO and the establishment and financing of an Information Technology Systems Fund.

3. In considering the proposals, the Committee may wish to recall the action taken on the two most recent occasions when budgetary cash surpluses have arisen:

   (a) for the 1990-91 biennium, the Conference decided that 10,324,000 Swiss francs out of a total surplus of 19,369,458 Swiss francs should be retained for investments in communications, information systems, word processing and other systems, including electronic voting for the Conference;[2]

   (b) for the 1992-93 biennium, the Conference authorized 21,729,700 Swiss francs out of a total surplus of 24,230,335 Swiss francs to be retained for priority programmes and investments in equipment and information technology.[3]

4. In both cases it was decided that the remaining balance of the surpluses should be credited to member States.

[1] GB.277/PFA/1/1.

[2] 79th Session, June 1992.

[3] 81st Session, June 1994.

Information Technology Systems Fund

5. In November 1998, the Committee considered a document on information technology in the ILO,[4] which was submitted at the request of the Workers' group. The document referred to the role of information technology and use of the Internet and associated technologies in communications with and information flows to the Organization's constituents, the promotion of its global activities and its internal functioning. The document also described new applications of potential interest to persons associated with the work of the Organization and to the public at large, and mentioned a number of future applications under development or consideration.

6. During the Committee's discussion, members stressed the importance of information technology and the need to keep abreast of developments in this rapidly evolving field. Various suggestions were put forward on the way in which such efforts could best be financed, including the view expressed by members of all three groups, that it would be appropriate to meet such costs over a number of biennia through a fund established for this purpose.

7. The Director-General believes that this view is sound. As his representative (the Treasurer and Financial Comptroller) recalled during the Committee's discussion, the traditional practice of the ILO had been to finance significant investments in information technology through the regular budget, where they might cause a one-time increase. This practice was no longer feasible because the budgetary and financial constraints faced by member States had led the Organization to adopt a budgetary policy of zero real growth. Thus, it was now extremely difficult to finance major investments in information technology in a period when technological developments made such investments increasingly important.

8. The Director-General accordingly proposes the establishment of an *Information Technology Systems Fund* to finance the procurement and development of major information technology systems (hardware and software), covering both new systems and the replacement and upgrading of existing systems. Hardware and software needs for minor information technology systems would continue to be provided for in the programme and budget under the sectors concerned.

9. The Fund would be established with an initial capital of 38,250,000 Swiss francs (US$25 million at the budget rate of exchange adopted for 2000-01), transferred from the 1998-99 cash surplus and placed in a special account. It could be maintained by regular payments through the programme and budget (item 290 – Other Budgetary Provisions), commencing in 2002-03 and through any savings in future regular budget appropriations for information technology. The Director-General would ensure that such payments did not raise the overall level of the budget in real terms. He would report at regular intervals to the Governing Body, through the Committee, on the use of the Fund.

Upgrading of financial systems

10. The Director-General proposes that the first major activity to be financed from the Information Technology Systems Fund would be the upgrading of the financial systems.

11. During its discussion of information technology at the 273rd Session (November 1998) of the Governing Body, the Committee also addressed the need to replace the ILO's existing financial systems. These systems are approaching the limits of their sustainability in that

[4] GB.273/PFA/6.

they are old, inflexible and difficult to integrate with other systems. They also operate on multiple platforms, fragment data storage, lead to duplication of data entry, require cumbersome manual processes and use outdated computer languages for which support staff skills are scarce and expensive. The background document before the Committee [5] outlined the findings of a study undertaken to examine the scope of a possible project to replace the financial systems, to propose a methodology for such a project and to estimate the costs involved.

12. Members of the Committee who took the floor during its discussion expressed support for new financial systems. Taking account of this reaction, the Director-General has pursued his examination of the issues involved and now submits his conclusions and revised proposals.

13. The starting point for the replacement of these systems would be a comprehensive review of senior management's strategic information needs in budget, finance and related areas and of the systems and processes (including modern budgeting methods) required to provide such information. State-of-the-art integrated software packages would be used, special consideration being given to packages already adapted or being adapted to meet the specific requirements of international organizations.

14. The major components of the new systems would be budgeting, budget implementation, financial reporting, general ledger, accounts receivable, accounts payable, treasury and cash management, payroll, procurement and property systems and travel. The new systems would interface with human resources systems.

15. The benefits of the new systems would be the improved quality, availability, reliability and timeliness of the data needed to support decision-making and performance monitoring; greater efficiency through the provision of powerful user-friendly information technology tools; the reduction of duplication in the capture of data; and the provision of effective means of upgrading the system over time, which would increase its flexibility and lifespan.

16. The duration of the project would be just under four years, and its cost is estimated at some US$20 million.

17. A more detailed description of the proposed financial systems project is provided in Appendix I to this paper.

Further remarks

18. In putting forward the above proposal, the Director-General is well aware of the problems and risks inherent in systems projects of such magnitude. He believes that some of the problems and risks can be avoided by estimating costs on a realistic basis and making provision for adequate financing from the outset. In addition, it would be his intention to forestall difficulties as far as possible by ensuring that:

(a) the project enjoys the full and continuing support of senior management and systems users;

(b) there is a rigorous project planning and control mechanism geared to short and attainable phases of implementation in order to maintain vitality and ensure adherence to timetables;

[5] GB.273/PFA/6.

(c) clear and firm criteria are established and followed for the conversion of project elements to operational status.

19. The Office is following with interest the projects envisaged or in progress in other agencies of the United Nations system which face the need to renew existing systems. It intends to maintain close contact with these organizations with a view to exchanges of useful information and coordinated approaches to similar needs.

Other uses of the Information Technology Systems Fund

20. Other potential major system applications currently identified that could be financed from the Fund are –

(a) enhancements to the human resources information system;

(b) replacement of the bibliographic management system;

(c) development of an electronic document management system, including a comprehensive environment for knowledge management;

(d) development of a virtual private network;

(e) establishment of videoconference facilities.

21. Further information concerning these applications is provided in Appendix II.

Conclusion

22. The cost of the proposals contained in this paper for financing from the 1998-99 cash surplus of 41,711,581 Swiss francs amount to 38,250,000 Swiss francs (or US$25 million),[6] which would leave a balance of 3,461,581 Swiss francs available to reduce member States' contributions in accordance with the provisions of article 18.2 of the Financial Regulations.

23. The use of the 1998-99 cash surplus for the purposes proposed would require the adoption by the Conference, as an exceptional measure, of a resolution waiving the provisions of Article 18.2 of the Financial Regulations.

[6] For the purposes of this presentation, the proposals are expressed in US dollars calculated at the 2000-01 budget rate of exchange (1.53 Swiss francs to the US dollar). The 1998-99 cash surplus being Swiss-franc based, its actual US dollar value and the actual US dollar cost of the proposals will be governed by the United Nations monthly accounting rates of exchange prevailing during the period of implementation. Thus the dollar estimates should be regarded as provisional and the Swiss franc costs as definitive amounts.

24. *The Committee may therefore wish to recommend that –*

(a) *the Governing Body propose to the 88th Session (June 2000) of the International Labour Conference that, as an exceptional one-time measure and in derogation of article 18.2 of the Financial Regulations, the 1998-99 cash surplus of 41,711,581 Swiss francs (equivalent to US$27,262,471 at the 2000-01 budget rate of exchange of 1.53 Swiss francs to the US dollar) be used in part to finance the establishment of an Information Technology Systems Fund, and that it adopt a resolution in the following terms:*

> The General Conference of the International Labour Organization,
>
> Noting that for the 1998-99 biennium an excess of regular budget income over regular budget expenditure has resulted in a cash surplus of 41,711,581 Swiss francs (equivalent to US$27,262,471 at the 2000-01 budget rate of exchange of 1.53 Swiss francs to the US dollar);
>
> Decides, as an exceptional one-time measure and in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs (US$25 million) from the cash surplus;
>
> Notes that, taking into account the above appropriation, the amount available under article 18.2 of the Financial Regulations for reducing the assessed contributions of member States will be 3,461,581 Swiss francs.

(b) *subject to the decision of the International Labour Conference on the treatment of the 1998-99 cash surplus, the Governing Body –*

(i) *approve the establishment in a special account of an Information Technology Systems Fund with an initial capital of 38,250,000 Swiss francs; and*

(ii) *approve the upgrading of the ILO's financial systems, which would be financed to the extent of US$20 million from the Information Technology Systems Fund.*

Geneva, 7 March 2000.

Point for decision: Paragraph 24.

Appendix I

Financial systems upgrade project proposal

Weaknesses of the existing systems

- The existing systems have become inflexible after having been repeatedly modified to meet changing requirements.
- The systems operate on multiple platforms, storage of data is fragmented and there are difficulties in meeting reporting demands.
- Further modifications are becoming increasingly complex because of the difficulties in interfacing with other systems.
- Potential improvements in the financial and administrative procedures of the Office are hindered by the inflexibility of the current systems.
- Lack of integration results in the need for duplicate entry of data.
- Lack of an integrated payments system results in cumbersome manual processes; the computer languages used in the existing systems are outdated, and the skills required to support the systems are becoming increasingly scarce and expensive.

Project scope

This project is not simply an information technology project. It is a business process re-engineering effort accompanied by the implementation of information technology systems solutions to meet the demands of the improved business processes and to provide the capability to apply modern budgeting methods. This approach is expected to provide horizontal and vertical integration of both processes and information management.

This proposal is based on selecting and implementing state-of-the-art, integrated package solutions. Where appropriate the project would limit itself to integrating with existing systems, or acquiring and interfacing specialized packages. Relevant experience in other agencies of the United Nations system would be taken into account.

The major components of the system would be the following:

- Budget formulation.
- Budget implementation.
- Financial reporting.
- General ledger.
- Accounts receivable.
- Accounts payable.
- Treasury and cash management.
- Payroll.
- Procurement and property management systems.

- Travel.
- Coordination with human resources systems upgrade project.

The scope of this project does not include enhancing or replacing existing human resources systems. However, as a significant number of finance business processes are closely linked to human resources processes (in particular, payroll and the budgetary implications of recruitment and contract matters), this project would be integrated and closely coordinated with the existing and future human resources systems upgrade project.

Benefits of the project

The introduction of modern business processes and new integrated financial systems would bring the following benefits to the Organization:

- **Improved information quality and availability.** The new systems would allow improved decision-making based on better and more timely information accessible to all users. Information would be available to meet strategic budgeting requirements as well as operational needs.
- **Providing clear methodologies and tools for financial control.** The project would seek to provide users with automated tools to improve the efficiency and effectiveness of financial management.
- **Establishing value added processes.** The new systems and processes would provide data to support the monitoring of performance required by strategic budgeting and eliminate any redundant procedures.
- **Enabling rapid data capture, validation and information dissemination.** Modern integrated systems would provide users with all the information required to accomplish their tasks and promote user confidence in the integrity and reliability of the data.
- **Reducing data replication and data entry.** Data would be entered once and be available to the appropriate users throughout the system.
- **Providing for the future growth of the Organization.** The new systems would provide flexible tools to capture data while supporting adaptive technologies to evaluate performance against the Organization's current and future strategic objectives.
- **Maximizing system lifetimes and reducing support risks.** The new systems would provide an effective means to upgrade technologies over time while removing the distinction between the field and headquarters in terms of common automation support and system capabilities.
- **Empowering staff and providing for enhanced skills development within the Organization.** The new systems would empower users by having both the information and the capabilities to make fast, informed decisions through access to information and tools previously unavailable.
- **Providing powerful, user-friendly information technology tools.** The systems would provide for effective, intuitive workflows and ease in recording, revising and monitoring data.

Project plan

The project would have five distinct phases. The detailed tasks and deliverables for each stage of the project would be refined as detailed analyses and user requirements were generated during the initial phases of the project.

Phase 1. Project establishment – six months

During this phase of the project the two primary objectives would be to organize the project and to recruit the core project team.

The outputs of this phase would be to –

- finalize project governance;
- appoint a project manager;
- recruit internal and external staff for the project;
- train project staff in the use of project management tools and techniques;
- finalize basic decisions on scope and the use of consultants.

Phase 2. Business process redesign – nine months

Process redesign includes three distinct activities. Decisions would be made as to which business processes would be reviewed. Analysis of these processes would be undertaken and improvements defined accordingly. The revised processes would then be documented and implemented. The approved redesigned processes and procedures would be implemented to the extent possible with current information systems.

The outputs of this phase would be to –

- document redesigned business processes;
- document detailed user requirements for the evaluation of systems solutions.

Phase 3. Systems solutions evaluation – six months

The primary objective of this phase would be to evaluate and select the systems solutions required to support the re-engineered business processes. This phase would include a "request for proposal" (RFP) for both the software solution and implementation partner consultants.

The outputs of this phase would be to finalize –

- the contract with software provider;
- the contract with the implementation partner consultant.

Phase 4. Systems solutions implementation – 21 months

After identification of the appropriate software solution, work would be undertaken to specify the system configuration and modifications to the software to match ILO needs and to define any required interfaces. The documented business processes would be revised, where necessary, to bring the procedures into line with the final software solution. A period of development and testing would follow, which would include the preparation of user system documentation and training materials. The final step in this phase would be the transition from the old systems to the new integrated solution.

The project would follow a phased implementation approach. Thus, major components of the system would be implemented successively so that the benefits can be realized as rapidly as possible. The implementation plan for each system module would be finalized during the early part of this phase.

The outputs of this phase would be to –

- finalize the phased implementation project plan;
- document detailed user procedures, training guides and system manuals;
- reconcile the results of conversion;
- provide post implementation support facilities (help desk, training, etc.);
- implement the system maintenance plan.

Phase 5. Project completion – one month

During this phase, maintenance of the system would be turned over to the users.

The outputs of this phase would be to –

- obtain senior management acceptance and approval of the system;
- deliver the project report on "Lessons Learned and Future Action".

Total project duration: 43 months

Project budget

The proposed budget, based on the advice received from external consultants, follows:

Expense category	Total cost (US$ million)
Personnel	6.5
Implementation consultants	6.0
Travel	0.1
Training	1.8
Other contractual services	0.6
Hardware and software	5.0
Total	**20.0**

Personnel

Includes officials and external collaborators working directly on the project.

Implementation consultants

Provides for implementation consultants to advise the ILO on the most effective ways to rapidly and successfully implement the chosen software solution.

Travel

Includes costs for travel of headquarters and field staff during the information gathering (phase one) and development phases of the project.

Training

Includes training of field and headquarters staff in the chosen software solution and the development of materials to train users at headquarters and in external offices.

Other contractual services

Includes the hiring of consultants for the business process re-engineering design (including change management) and for the resolution of technical issues where external expertise is required.

Hardware and software

Covers the cost of all software and hardware required to support the project and to provide the required production platforms at all locations.

Project governance

A key feature of the project would be user involvement and commitment at all levels. Senior management participation in the project would be ensured through membership of the steering committee, and users from all other levels of the Office would exercise critical roles in all phases of the project.

The major components of project governance would be the following:

Steering committee

The steering committee would be responsible for the overall project management and would be chaired by the Treasurer and Financial Comptroller. The Director-General would periodically report on the status of the project to the Governing Body through the Programme, Financial and Administration Committee.

Project working group

The working group would be responsible for day-to-day project management and would be chaired by the Director of Finance.

Task forces

Individual task forces would be established for different phases of the project. Task forces would have a functional orientation and would include field and headquarters staff from the related functional areas.

Risks

Significant risks are inherent in any project of this type and complexity. There are numerous examples in the private and public sectors of similar large-scale projects failing. Such "failures" include the following:

- **Implemented system does not meet user needs.** This occurs when the project does not have sufficient user involvement throughout the project;
- **Project exceeds budget.** Experience in the government and private sectors show conclusively that the investment required to adapt and use information technology packages is much higher than expected.
- **Project exceeds planned time-frames for implementation.** Exceeding planned time-frames usually occurs where the system sponsors (senior management) have not exercised sufficient governance over user commitment to the project and project management.
- **Project automates old business practices that do not meet the changing demands of the business.** Most organizations have never before undertaken a change of such magnitude in

their business processes or computer systems, and underestimate the effort required on the part of the user community to deal with changes in organizational culture and major issues.

Critical success factors

The Office has identified the following critical success factors as key requirements to eliminate or at least mitigate the risks inherent in a project of this nature and scope:

- The project must enjoy the full and continuing support of senior management and users. The success of any project of this nature can be attributed to one factor – the early and high level of user commitment.
- There must be dedicated availability of the right internal resources and a sense of user "ownership" of the project.
- Reasonable estimates must be made of the time and resources required.
- Adequate funding must be ensured for the entire project at inception.
- A rigorous project planning and control mechanism geared to short, attainable phases of implementation is essential to maintain the vitality of the project and ensure adherence to timetables.
- The project must allocate adequate time to review processes.
- Production data communication capabilities and infrastructure must be in place to ensure effective worldwide exchange of data.
- The project must maintain effective communication with *all* users from inception of the project through implementation.
- The project must have definitive criteria for converting from project status to operational and maintenance status.

Appendix II

Potential uses of the Information Technology Systems Fund

(a) PERSIS is the Office's current human resources information system, which became operational in 1995. While it is a significant improvement on previous manual/semi-automated systems, it is designed primarily to automate the processing of and reporting on basic personnel transactions. It is not a user-friendly tool, does not enable worldwide access to a centralized database and does not provide sufficient functionality to support the new human resources strategy (e.g. career development and succession planning; recruitment management; competency development; and job evaluation/classification). To address these areas of concern, a study of PERSIS operations has been initiated by the Human Resources Development Department. Its primary objective is to identify, cost, prioritize and propose the implementation of necessary improvements to PERSIS in the short to medium term. In addition, and in cooperation with the financial systems upgrade project, a survey of different strategies adopted by the UN and other international agencies (e.g. WFP, UNHCR, World Bank) will be conducted with the objective of evaluating and recommending an alternative approach to integrating human resources with finance considerations in an overall systems solution. The PERSIS study and survey of alternative strategies will be completed shortly.

(b) Replacement of the 20 year-old bibliographic management system (MINISIS). This system, which is used to support critical operations such as the CISDOC, LABORDOC and NATLEX databases, lacks essential functions and is difficult and costly to maintain, since it uses software that is no longer supported by the vendor and runs on non-standard hardware. New software, incorporating modern standards and technologies, would make it easier for clients to use ILO information, permit the development of new digital services, increase the audience for ILO flagship databases, and facilitate worldwide collaboration and knowledge-sharing with other organizations.

(c) Development of a comprehensive Office-wide system to implement electronic document management, archival and workflow applications. This electronic document management system (EDMS) would form a secure distributed repository of documents of all types: text-processing files, spreadsheets, publications, e-mail, correspondence, web pages, scanned papers from the ILO archives, images, audio material and video material. Under defined conditions, ILO officials, both at headquarters and in the field, would be able to contribute to the EDMS and to search for and retrieve documents using a simple web-based interface. EDMS would also streamline the production and dissemination of documents while providing the essential foundation for the implementation of knowledge management in the ILO.

(d) Upgrading of the communications infrastructure, both at headquarters and in the field, to a virtual private network (VPN) over the Internet so that sensitive data could be incorporated and transmitted in a secure manner. Through the use of VPN technology, a cost-effective wide area network would be developed to allow data and hardware to be shared by ILO offices worldwide in order to maximize the use of the Organization's investment in information technology. Such a network would improve productivity, communications and information management and would also result in greater standardization of hardware and software.

(e) Establishing Internet-based desktop videoconferencing in countries where adequate Internet connections exist.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.277/10/3
277th Session

Geneva, March 2000

TENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

Report of the Government members of the Committee on allocations matters

1. The Government members of the Programme, Financial and Administrative Committee of the Governing Body met on 20 March 2000 under the chairmanship of Mr. K. Petócz, Chairperson of the Government group, who acted as Reporter. It was agreed that the third item on the agenda should be taken as the first item of business.

Assessment of the contributions of new member States
(Third item on the agenda)

2. The Government members considered a paper [1] proposing a rate of assessment for the Republic of Kiribati, which had joined the ILO on 3 February 2000.

3. ***The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference that the contribution of the Republic of Kiribati to the ILO budget for the period of its membership in the Organization in 2000 be based on an annual assessment rate of 0.001 per cent.***

[1] GB.277/PFA/GMA/3.

Scale of assessment of contributions to the budget for 2001
(First item on the agenda)

4. The Government members considered a paper [2] recommending a draft scale of assessments for ILO member States for 2001. In common with past practice this scale was based on the latest rates of assessment for ILO member States in the United Nations scale of assessments of contributions.

5. The representative of the Government of the United States proposed a replacement for the decision paragraph contained in the Office paper (the replacement was circulated to members and is reproduced as an appendix to this report). There were two parts to this alternative decision paragraph. The first proposed that the Conference adopt the scale in column 3 of the appendix to document GB.277/PFA/GMA/1 in accordance with normal practice. The second part added a proviso to the effect that if the United Nations General Assembly adopted before 31 December 2000 a scale of assessments covering the year 2001, the first mentioned scale should be replaced by another prepared by the Director-General on the basis of the United Nations assessments for that year.

6. The United States was currently involved in a major effort aimed at stabilizing the finances of the United Nations and other international organizations. Its goal, which it shared with many other ILO member States, was to ensure that the agencies were stronger, more effective, and better equipped to meet the global challenges of the twenty-first century. One of the most important steps to be taken in this regard was to implement reform of the UN scale of assessments so as to restore financial viability, broaden the base of participation in the international system and spread the responsibility for payment of contributions in a more rational manner.

7. The United Nations General Assembly was expected to establish its scale of assessments for 2001 in December this year. Interestingly, the UN scale was typically based on economic data that could be as much as 10 years old, and the ILO could make matters worse by delaying revisions to its own scale for a further year. On the other hand, introducing a new scale in January 2001 would reflect both political and economic reality and would show that the ILO was in step with global change. There was no reason to delay. If the Committee decided to recommend this course of action to the Governing Body it would bring the ILO scale of assessments more directly into line with that of the UN.

8. In summary, this session of the ILO Governing Body should recommend to the June 2000 Conference that it apply a final scale of assessments for the year 2001 which was based on any new UN scale for 2001 approved on or before 31 December 2000. The FAO and the WMO had already adopted such a decision and it was hoped that the WHO would also do so at the World Health Assembly in May. The United States hoped that the Committee could reach agreement on this proposal today, but if members believed they had not had sufficient time to study and react to it the Committee should at least delay any decision on the scale of assessments for 2001 until the Governing Body meeting in June.

9. The representative of the Government of Japan expressed support for the original recommendation in the Office paper. At the moment there was no information about the UN scale for 2001 and established practice was to base the ILO scale on the latest available UN scale. Furthermore, the ILO scale had always been decided by the

[2] GB.277/PFA/GMA/1.

International Labour Conference and it was unthinkable that the Conference should give up its authority on this matter.

10. The representative of the Government of Namibia supported the views of the previous speaker. It would be most unwise to approve a scale of assessment without information upon which it was based. Even if the methodology were to be reformed no decision should be taken on a new scale before all relevant information was available.

11. The representative of the Government of China also expressed support for the statement by the representative of the Government of Japan. The point for decision in the Office paper was in keeping with established practice in the ILO.

12. The representative of the Government of France also agreed with the statement by the representative of Japan, not only for the reasons already mentioned but also because the alternative proposed would be difficult to implement since contributions were due at the beginning of the year. The alternative might also contravene article 10 of the Financial Regulations.

13. The representative of the Government of Switzerland asked for clarification on whether there was any conflict between the Constitution or the Financial Regulations and the alternative text proposed by the United States.

14. The representative of the Director-General (the Treasurer and the Financial Comptroller), after consulting the Legal Advisor, confirmed that the alternative decision paragraph proposed by the United States was not incompatible with article 10 of the Financial Regulations, which provided that "The budget of income of the Organization for a given financial period shall be due and payable as to one-half of the total on 1 January of the first calendar year of such period ...". This subject had been discussed two years previously, and at the time the Office had been asked to submit a document to the Committee proposing ways to eliminate the discrepancies between the UN and ILO scales of assessment which arose because they were fixed for different periods.

15. Three solutions had been put forward at the time. The first proposed that, when a UN scale was not available for the year for which an ILO scale was to be fixed, the Conference should authorize the Director-General to fix the ILO scale at a later date after the UN scale had been determined. With this proposal it would be difficult if not impossible to comply with article 10 of the Financial Regulations. The letters advising member States of their contributions would be sent either in late December or in early January, which could create administrative problems for countries whose budgets were fixed before the UN scale was decided. The Committee had not been in favour of this proposal.

16. The second proposal was a variation on the first, that the Conference should base the ILO scale on the latest available UN scale and authorize the Director-General to modify the ILO scale at a later date to reflect any changes to the UN scale decided by the General Assembly. Letters to member States could then be dispatched in September in accordance with usual practice, but would point out that the rate of assessment was provisional and subject to adjustment after the UN scale was fixed.

17. The third proposal put forward two years previously was no longer relevant, so in practical terms the options now available comprised present practice and the two proposals just described.

18. The representative of the Government of the United Kingdom was not convinced that a decision had to be taken at the present session. The implications of the United States proposal were still being considered not just for the ILO, but for the UN system as a whole.

Nevertheless, debates concerning scales of assessment should primarily take place in the Fifth Committee in New York, and decisions in other bodies of the United Nations should not prejudice that debate. The PFA Committee had held a similar discussion two years previously and decided to postpone a decision until the International Labour Conference. It should do the same again this year, and adopt the decision paragraph agreed two years previously, *mutatis mutandis*:

> The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 2001 be deferred to the 88th Session of the International Labour Conference and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 2001 during the Conference, taking into account any relevant developments which may take place and to submit it direct to the Finance Committee of Government representatives at the Conference.

19. The representative of the Government of Germany supported the proposal put forward by the previous speaker.

20. The Chairperson observed that there appeared to be a broad measure of agreement among members for the proposal put forward by the United Kingdom representative.

21. ***The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 2001 be deferred to the 88th Session of the International Labour Conference and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 2001 during the Conference, taking into account any relevant developments which may take place and to submit it direct to the Finance Committee of Government representatives at the Conference.***

Procedure for the possible continuation of the work of the Government members of the Programme, Financial and Administrative Committee in relation to allocations matters during the International Labour Conference
(Second item on the agenda)

22. The Government members considered a paper [3] describing the procedure to be followed if the Government members of the Committee were required to meet during the 88th Session (June 2000) of the Conference.

[3] GB.277/PFA/GMA/2.

23. ***The Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at its present 277th Session and to submit their report direct to the Finance Committee of Government representatives at the Conference.***

Geneva, 21 March 2000.

(Signed) K. Petöcz,
Reporter.

Points for decision: Paragraph 3;
Paragraph 21;
Paragraph 23.

Appendix

Scale of assessment of contributions to the budget for 2001

Alternative text of the point for decision in document GB.277/PFA/GMA/1 proposed by the Government of the United States

6. *In order to harmonize the rates of assessment of ILO member States with their rates of assessment in the United Nations, the Government members may wish to recommend to the Governing Body –*

   (a) that it present to the Conference the draft scale of assessments for 2001 based on the UN scale for 2000 (see column 3 of the appendix to GB.277/PFA/GMA/1) with any adjustments that might be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale; and

   (b) that the Conference adopt the said scale subject to the proviso that, should the United Nations General Assembly adopt before 31 December 2000 a scale of assessments for the United Nations covering at least the year 2001, the aforementioned scale shall be replaced by a corresponding scale prepared by the Director-General on the basis of the United Nations assessment for that year.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.277/PFA/13
277th Session

Geneva, March 2000

Programme, Financial and Administrative Committee

PFA

THIRTEENTH ITEM ON THE AGENDA

Matters relating to the Administrative Tribunal of the ILO

Composition of the Tribunal

1. Article III, paragraph 2, of the Statute of the ILO Administrative Tribunal provides: "the judges shall be appointed for a period of three years by the Conference". The Tribunal currently has the following composition:

Judges:

M. Michel Gentot (France), President: term of office expires in July 2001;

Ms. Mella Carroll (Ireland), Vice-President: term of office expires in July 2002;

Mr. Julio Barberis (Argentina): term of office expires in July 2001;

Mr. Seydou Ba (Senegal): term of office expires in July 2000;

Mr. Jean-François Egli (Switzerland): term of office expires in July 2001;

Mr. James K. Hugessen (Canada): term of office expires in July 2000;

Ms. Ruma Pal (India): term of office expires in July 2002.

2. Since the terms of office of Mr. Seydou Ba and Mr. James K. Hugessen will expire in July 2000, it is proposed to extend them by another three years.

3. Due to professional constraints that have emerged since her nomination, Ms. Ruma Pal, who was nominated in June 1999 by the 87th Session of the Conference following a recommendation by the Governing Body, [1] was unable to take up her duties. In addition, the Director-General has just been informed that another judge, Mr. Julio Barberis, will be unable to complete his mandate due to lack of availability resulting from his new functions in Argentina. There are therefore two vacancies within the Tribunal.

[1] Doc. GB.274/PFA/14/2.

4. In keeping with long-standing practice, the Director-General, after consultation with the Officers of the Governing Body, examines potential candidatures for the position of Judge of the Administrative Tribunal on the basis of several criteria: candidates must have experience as judges of a high national jurisdiction or equivalent status at the international level and must be representative of different systems of law. An overall balance at the linguistic and geographical level must also be ensured. The Director-General then recommends to the Governing Body, through its Programme, Financial and Administrative Committee, the names of persons that the Conference will be invited to nominate as judges in order to fill the vacant posts in the Tribunal.

5. As regards the first vacant post, the Director-General, after consultation with the Officers of the Governing Body, proposes the following appointment for a period of three years:

- **Ms. Flerida Ruth P. Romero** (Philippines, born in 1930). Recently retired as Senior Associate Justice of the Supreme Court of the Philippines, on which she had served for eight years since 1991. From 1986 to 1991 she was Special Assistant to the President of the Republic of the Philippines, Ms. Corazon Aquino. From 1964 to 1985 she was a Law Professor in the University of the Philippines. Having obtained her degree from that University, she also holds a Master's Degree in Law (labour and industrial relations) from Indiana University School of Law (United States). Author of works on labour relations law and other subjects, she has participated in many human rights activities, including at the international level, as well as in the context of the Office.

6. As regards the second vacant post, due to the date at which he was informed of Mr. Barberis' resignation, the Director-General was unable to carry out a search that would allow the Governing Body, in accordance with the usual practice, to propose a candidate to the Conference to fill the vacant post. ***The Committee will no doubt wish to recommend to the Governing Body and, through it, to the Conference, that they convey to Mr. Barberis their appreciation for the services that he has rendered to the work of the Administrative Tribunal over the last five years.***

7. ***The Committee may also wish to recommend to the Governing Body that it authorize its Officers to submit a proposal on its behalf direct to the Conference in order to fill the vacancy left by Mr. Barberis.***

8. ***The Committee is accordingly invited to recommend to the Governing Body that it submit to the International Labour Conference, for adoption at its forthcoming session, the following resolution:***

The General Conference of the International Labour Organization,

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointment of Mr. Seydou Ba (Senegal) and that of Mr. James K. Hugessen (Canada) for a term of three years;

Expresses its appreciation to Mr. Julio Barberis for the services which he has rendered to the work of the Administrative Tribunal of the International Labour Organization over the last five years;

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to appoint as Judges of the ILO Administrative Tribunal for a term of three

years with effect from July 2000, Ms. Flerida Ruth P. Romero and [name of candidate to be directly submitted by the Officers of the Governing Body].

Geneva, 24 March 2000.

Points for decision: Paragraph 6;
Paragraph 7;
Paragraph 8.

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